



Robyn Boerstling
Vice President,
Infrastructure, Innovation &
Human Resources Policy

March 4, 2016

United States Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairman Grassley and Ranking Member Wyden:

The National Association of Manufacturers (NAM) is pleased to submit these comments in response to your request for information from the public to address issues related to the financial impact of high prices of breakthrough drugs. This comment is a specific response to question four concerning potential measures to improve price transparency for new higher-cost therapies while maintaining incentives for manufacturers to invest in new drug development.

The National Association of Manufacturers is the nation's largest industrial trade association and the voice of 12 million men and women who make things in America. The NAM is the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.

We have serious concerns related to the long-term implications of pharmaceutical pricing transparency proposals. These measures, no matter how well intentioned, would negatively impact medical innovation in the United States. Such pricing proposals single out one industry, challenge current intellectual property protections and ignore a commitment all manufacturers share to maintain proprietary business information without unwarranted government interference. Research and development investments as well as pricing and marketing strategies are among the most sensitive and closely held trade secrets of any innovator and have long been protected as confidential business information.

While new disclosure requirements could violate long-standing contractual obligations and create additional regulatory burdens, the likelihood for unintended consequences are of great concern to manufacturers as well. Any action that would make proprietary information—that has been historically protected by trade secrets and intellectual property laws—public, would fundamentally alter the competitive marketplace. The result would be an uneven playing field where competitors looking to piggyback on an innovation—in this case, a new medicine—would gain an unfair competitive advantage, essentially invalidating the stringent intellectual property protections the United States has in place to encourage biomedical development. In this scenario, the incentive to innovate disappears and the public loses access to new life-saving therapies that help people lead healthy and productive lives.

Every day manufacturers across the United States think about ways to better serve customers, innovate, grow business and reduce costs. They accomplish these goals without government intervention. Requiring manufacturers to turn over and reveal highly sensitive operational information—such as pricing on specific products, marketing costs, planned research investments, anticipated profits and manufacturing production costs—would set a dangerous precedent delivering chilling impacts to our global competitiveness and prospects for more robust economic growth.

To secure manufacturing competitiveness, we must create a policy environment designed to attract and retain investment and encourage innovation with strong protections of intellectual property. The NAM opposes efforts that would force manufacturers of medicines to heed new government-driven demands that are contrary to basic free market principles.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in blue ink, reading "Robyn M. Boerstling". The signature is written in a cursive, flowing style.

Robyn M. Boerstling